

## Message Text

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PAGE 01 STATE 198403

21

ORIGIN AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 SNM-02 EA-06 EUR-08 ABF-01

NSC-05 NSCE-00 OMB-01 L-02 H-02 INR-05 PRS-01 SP-02

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DRAFTED BY AF/C:RRSTRAND:GJB

APPROVED BY AF/C:WLCUTLER

AF/EPS:RDUNCAN (DRAFT)

EB/IFD/ODF:JWINDER

S/NM:SVANCE

EA/J:DGBROWN

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R 202334Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY KINSHASA

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 198403

LIMDIS

E.O. 11652;; GDS

TAGS: EAID, EFIN, ECON, CG, JA

SUBJECT: FINANCIAL ASSISTANCE TO ZAIRE

REF: TOKYO 11182; KINSHASA 7418 (NOTAL); STATE 182865

1. U.S. PL 480 ASSISTANCE WILL BE TITLE I.

2. PRESIDENT MOBUTU'S CHIEF ECONOMIC ADVISOR, BISENGIMANA, HAS MENTIONED INFORMALLY THE POSSIBILITY OF HAVING IMF ORGANIZE RELIEF AND ASSISTANCE FROM BILATERAL DONORS AND PRIVATE CREDITORS. AT SAME TIME, BOTH MOBUTU AND  
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PAGE 02 STATE 198403

BISENGIMANA HAVE MADE CLEAR THEIR ABHORRENCE OF BIG

MEETING OF CREDITORS TO RESCHEDULE DEBT OR "DECLARE MORATORIUM". REFINANCING OF SOME SHORT- AND MEDIUM-TERM FRENCH DEBT HAS ALREADY BEEN NEGOTIATED WITH GOF (KINSHASA 7418). OVERALL PICTURE SHOULD BECOME CLEARER WITH BEGINNING OF CONSULTATIONS BETWEEN GOZ AND IMF. GOZ HAS INVITED FUND TO SEND MISSION TO KINSHASA FOR CONSULTATIONS END SEPTEMBER, BUT FUND IS SENDING REPRESENTATIVE INTIMATELY FAMILIAR WITH ZAIRIAN SITUATION TO KINSHASA WEEK OF AUGUST 18 ON EXPLORATORY MISSION TO DETERMINE, INTER ALIA, WHETHER GOZ IS NOW READY TO NEGOTIATE STANDBY ARRANGEMENT, WHICH WOULD OF COURSE ENTAIL ACCEPTANCE OF STABILIZATION MEASURES. UNTIL NOW, IMF ANALYSIS HAS BEEN THAT ZAIRE'S MEDIUM AND LONG-TERM DEBT BURDEN IS HEAVY BUT BEARABLE AND THAT REFINANCING COULD BE LIMITED TO SWOLLEN SHORT-TERM COMMERCIAL DEBT.

3. IN FOLLOW-UP TALK WITH SEZAKI, SUGGEST EMBASSY SUBMIT THAT COMMODITY AID OR OTHER BALANCE OF PAYMENTS ASSISTANCE NOW, WHEN ZAIRE IS IN THROES OF FINANCIAL CRISIS WHICH COULD SERIOUSLY DISRUPT COUNTRY'S ECONOMY AND DEVELOPMENT PROGRAM, MIGHT BE MUCH MORE HELPFUL THAN EQUAL AMOUNT OF ADDITIONAL ASSISTANCE FOR RAILWAY PROJECT IN 1977, WHEN REVIVAL OF COPPER PRICES AND NEW PETROLEUM EARNINGS SHOULD PUT ZAIRE INTO BETTER POSITION TO PAY COST OVERRUNS OF RAILWAY PROJECT ITSELF. FINANCIAL ASSISTANCE NOW MIGHT ALSO BE BETTER INVESTMENT IN TERMS OF PROTECTION OF JAPANESE ECONOMIC INTERESTS IN ZAIRE. MAW

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## Message Attributes

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